

# CALIFORNIA DEPARTMENT OF HUMAN RESOURCES SUMMARY OF COLLECTIVE BARGAINING AGREEMENT WITH CHILD CARE PROVIDERS UNITED-CA (CCPU)

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This is the successor agreement between the parties in accordance with the Building a Better Early Care and Education System Act (Welfare and Institutions Code Section 10420 et seq.) to the collective bargaining agreement that was reached in 2023 and expired on July 1, 2025.

## I. Rates and Incentives

### Rates

- The current rates based on the Regional Market Rate (RMR) ceilings set at the 75th percentile of the 2018 RMR survey as established effective January 1, 2022, or the RMR ceilings that existed in that region on December 31, 2021, whichever is greater, shall continue as set forth in the previous agreement.

### Cost of Care Plus Rate

- All represented family child care providers shall continue to receive the once per month cost of care plus rate per child served and enrolled in subsidized child care as provided in the previous agreement until such time as the below items are satisfied.
- Contingent upon the parties reaching a tentative agreement no later than August 15, 2025 and full ratification no later than September 30, 2025, family child care providers who were paid based on April 2025 enrollments shall receive, in addition to the cost of care plus payments currently provided, a one-time payment to account for the cost of care plus rate increase consistent with SB 120 for the payment months of July 1, 2025 through December 30, 2025. Family child care providers who were paid based on April 2025 enrollments shall receive, no later than January 1, 2026, a one-time, per-child payment for each child enrolled in April 2025 as follows:

Region	Licensed Family Child Care Providers	License-Exempt Providers
Central	\$72	\$54
Northern	\$78	\$54
Southern	\$84	\$60
Los Angeles	\$90	\$66
Bay Area	\$114	\$78

- If the parties fail to reach a tentative agreement and full ratification as described above, the January 1, 2026 date for one-time payment of the cost of care plus rate

increase consistent with SB 120 for July 1, 2025 through December 30, 2025 shall not apply. However, providers shall receive an increase to the one-time payment described above. The following amount will be added to the one-time payment above for each additional month beginning January 1, 2026, for which providers have not received a payment described in the preceding paragraph:

<b>Region</b>	<b>Licensed Family Child Care Providers</b>	<b>License-Exempt Providers</b>
Central	\$12	\$9
Northern	\$13	\$9
Southern	\$14	\$10
Los Angeles	\$15	\$11
Bay Area	\$19	\$13

- Effective January 1, 2026, or after the one-time payment provided for above takes effect, whichever occurs later, the per-child cost of care plus rate amounts shall be as follows:

<b>Region</b>	<b>Licensed Family Child Care Providers</b>	<b>License-Exempt Providers</b>
Central	\$152	\$107
Northern	\$154	\$108
Southern	\$174	\$122
Los Angeles	\$186	\$130
Bay Area	\$230	\$161

The Cost of Care Plus provisions above related to one-time payment of the cost of care plus rate increase consistent with SB 120 will no longer apply when this chart of increased monthly cost of care plus rate amounts become operable.

- Family child care providers who were paid in April 2025 shall receive one-time, per-child stabilization payment corresponding to the reported April 2025 enrollments. Providers shall receive this payment no later than January 1, 2026, contingent upon the parties reaching a tentative agreement no later than August 15, 2025 and full ratification no later than September 30, 2025. If the parties fail to reach a tentative agreement by August 15, 2025 and full ratification by September 30, 2025, providers will receive the stabilization payments, but the January 1, 2026 date will

not apply. These payments shall be provided in relation to the Health Benefits Trust grievance settlement. The one-time, per-child payments shall be as follows:

Licensed Family Child Care Providers	License-Exempt Providers
\$431	\$300

### Single Rate Structure and Alternative Methodology

- The parties acknowledge that reaching agreement on the Single Rate Structure is a necessary step towards making the new reimbursement rates effective, and that such new reimbursement rates shall be subject to negotiations as required by the Building a Better Early Care and Education System Act. The parties agree that to further make meaningful progress toward implementing the Single Rate Structure, the following shall apply:
  - Consistent with subdivision (l) of section 10227.6 of the Welfare and Institutions Code, as amended (AB 120), base rates shall vary based on all of the following:
    - Geography as described below.
    - Type of care setting as described below.
    - Regulatory requirements applicable to each type of care setting.
    - Time categories as described below.
    - Child age.
  - Rates will vary by geographic region, as follows:
    - Region 1: Glenn, Trinity, Del Norte, Modoc, Siskiyou, Imperial, Tehama, Colusa, Lassen, Mariposa, Plumas, Inyo, Kings, Tulare, San Bernardino, Lake, Tuolumne, Fresno, Merced, Yuba, Kern, Amador, Alpine, Sierra, Humboldt, Calaveras, Stanislaus, Mendocino, Madera, Butte, Sutter, San Joaquin, Shasta
    - Region 2: Nevada, Mono, Riverside, Sacramento, Yolo, Solano, San Luis Obispo, El Dorado, Alameda
    - Region 3: Los Angeles
    - Region 4: San Benito, Ventura, Sonoma, Napa, Contra Costa, Placer, Monterey, Orange, San Diego, Santa Barbara
    - Region 5: Marin, Santa Clara, San Francisco, San Mateo, Santa Cruz
  - Rates will vary by care setting for license-exempt family and friend and neighbor (FFN) and licensed family child care home (FCC) providers, and by

regulatory requirements applicable to each type of care setting. Rates will include Part-Time and Full-Time weekly time categories as described in this agreement, and will vary by infant, preschool, and school-aged child age categories.

- The structure defined above shall be excluded from the Economic Reopener provision of this agreement.
- The State and CCPU shall convene a Joint Labor Management Committee (JLMC) to convene no less than once per month to strive to develop joint recommendations for a single reimbursement rate structure (the "Single Rate Structure."). The Single Rate Structure will be comprised of base rates and enhanced rates for non-traditional hours and inclusion. It shall be informed by the cost-based rate setting methodology (the "Alternative Methodology") under a unified structure that takes into account a common set of rate elements, in accordance with subdivision (l) of section 10227.6 of the Welfare and Institutions Code.
- No later than November 30, 2025, the JLMC will submit its joint recommendations to the Director of the Department of Social Services for consideration in collaboration with the Department of Education. If the JLMC is unable to arrive at joint recommendations by November 30, 2025, the recommendations of each respective party will be submitted to the Director in lieu of the aforementioned joint recommendations.
- The parties agree that the single rate structure will become operable upon the parties reaching agreement on the specific rates and that the necessary implementation activities have occurred, including but not limited to: updates to impacted State, contractor, agency, and county payment, administrative, and data automation systems; issuance of written State program guidance; required modifications to State contracts, fiscal handbook, funding terms and conditions, program forms, and fiscal and contract monitoring and audit procedures; and State staff, contractors, agencies, and counties trainings.

### **Reimbursement Based on Certified Need**

- For Alternative Payment Program providers, Migrant Alternative Payment Program providers, pursuant to Chapter 3 (commencing with section 10225) of Part 1.8 of Division 9 of the Welfare and Institutions Code, Emergency Child Care Bridge Program for Foster Children providers, pursuant to Welfare and Institutions Code section 11461.6, and providers of CalWORKs child care, including license-exempt providers, pursuant to Chapter 21 (commencing with section 10370) of Part 1.8 of Division 9 of the Welfare and Institutions Code and family child care providers operating through a family child care home education network pursuant to Chapter 8 (commencing with section 10250) of Part 1.8 of Division 9 of the Welfare and Institutions Code shall be reimbursed based on the families' certified need rather than attendance.
  - Providers shall be reimbursed based on the maximum authorized hours of care, regardless of attendance.

- For families certified for a variable schedule, providers shall be reimbursed based on the maximum authorized hours of care.
- For license-exempt providers that provide part-time services, providers shall be reimbursed based on the maximum authorized hours of care.
- For family child care home education network providers funded through California state preschool programs pursuant to Article 2 (commencing with Section 8207) of the Education Code, and migrant child care and development programs pursuant to Chapter 6 (commencing with Section 10235) of, general child care and development programs pursuant to Chapter 7 (commencing with Section 10240) of, or child care and development services for children with special needs pursuant to Article 9 (commencing with Section 10260) of, Part 1.8 of Division 9 of the Welfare and Institutions Code shall receive 100 percent of reimbursement based on the family's certified need for services at the maximum authorized hours of care less any allowable administrative expenses withheld by the contractor.
- Providers shall not be reimbursed for days on which the provider is not open to provide services, except for non-operational days, as provided in the California Code of Regulations (CCR) Title 5, section 18076.2; or, for family child care home education network providers funded through California state preschool programs pursuant to Article 2 (commencing with Section 8207) of the Education Code, and migrant child care and development programs pursuant to Chapter 6 (commencing with Section 10235) , or general child care and development programs pursuant to Chapter 7 (commencing with Section 10240) of Part 1.8 of Division 9 of the Welfare and Institutions Code, during an approved emergency closure request made by the contractor consistent with Welfare and Institutions Code section 10286.5.

### **Economic Reopener**

- The parties agree to reopen Article 7 (Rates and Incentives) and other related economic provisions of this agreement upon increased appropriations of the Legislature for the purpose of families' child care subsidy reimbursement rates.

## **II. Other Economics**

### **Retirement Benefit Trust**

- The CCPU Retirement Trust shall continue to be utilized for improving access to retirement benefits, may include other traditionally provided post-employment benefits, for licensed providers that currently provide care and early education for children for an extended period of time. Further, the State's contribution may apply to family child care providers who become and remain licensed, and these providers may have their service time considered for the purpose of receiving retirement benefits. The State contribution shall not require the State to assume any administrative or fiduciary responsibilities with respect to a CCPU Retirement Trust, which shall be the responsibilities of CCPU or its designated entity.
- CCPU will provide the State with an annual report detailing the distribution of funds from the prior year and any remaining balance. Reports may be submitted no later

than June 30th of each year of the stated duration of this agreement. The report shall include all of the following:

- Total number of enrolled providers at the beginning of the reporting cycle.
  - Total number of enrolled providers at the end of the reporting cycle.
  - Months of subsidy care and early education for each enrolled provider.
  - Total allocations to enrolled providers.
  - Total administrative expenses during the reporting cycle.
  - Any other expenditures of the fund not otherwise specified above.
  - Any demographic information collected by CCPU and the Retirement Benefit Trust as requested by the State that is not confidential in nature.
- Beginning July 1, 2025, and once for each year of the duration of the agreement thereafter, the State shall make a single contribution to the Retirement Trust within ninety (90) days of receiving the above-referenced annual report from CCPU to restore the balance to \$80 million if the remaining balance in the annual report provided is less than \$80 million and the total number of enrolled providers currently providing subsidized child care has increased from the amount of providers reported for the prior year. The requirement to increase the total number of enrolled providers from the number of providers reported for the prior year shall only apply in years there is an increase to the rates provided for in Section 7.1 (Rates) of this agreement.
  - Non-direct benefit costs, including but not limited to administrative, outreach, and other costs intended to administer and increase provider enrollment in the Fund shall not exceed \$5,000,000 for each reporting period. The CCPU fund restoration request may include up to \$1,250,000 for administrative costs that may be needed during the state's 90-day restoration payment processing.

### **Health Benefits Trust**

- A health care benefits trust shall continue for the purpose of providing healthcare benefits to active providers, including and not limited to: premium and out-of-pocket healthcare assistance to currently active providers enrolled in health insurance plans through Covered CA, Medicare, Medi-Cal, or a partner/spouse's employer-based plan and for the purpose of paying administrative, outreach, and other Fund-related costs.
- CCPU will provide the State with an annual report detailing the distribution of funds from the prior year and any remaining balance. Reports may be submitted no later than June 30th of each year of the stated duration of this agreement. The report shall include all of the following:
  - Total number of enrolled providers at the beginning of the reporting cycle.

- Total number of enrolled providers at the end of the reporting cycle.
  - Months of subsidy care and early education for each enrolled provider.
  - Total reimbursements paid to enrolled providers
  - Total administrative expenses during the reporting cycle.
  - Any other expenditures of the fund not otherwise specified above.
  - Any demographic information collected by the Child Care Providers United - California Workers Health Care Fund as requested by the State that is not confidential in nature.
- Beginning July 1, 2025, and for each year of the duration of the agreement thereafter, the State shall make a single contribution of additional funding to the Fund within ninety (90) days of receiving the above-referenced annual report from CCPU to restore funding based on provider enrollment as follows:

<b>CRITERIA</b>	<b>VALUE</b>
Total enrollment of 1 – 10,000 providers	up to \$50,000,000
Total enrollment of 10,001 – 20,000 providers	up to \$75,000,000
Total enrollment of 20,001 providers and above	up to \$100,000,000

- Non-direct benefit costs, including but not limited to administrative, outreach, and other costs intended to administer and increase provider enrollment in the Fund shall not exceed \$6,000,000 for each reporting period. The CCPU fund restoration request may include up to \$1,500,000 for administrative costs that may be needed during the state’s 90-day restoration payment processing.
- Upon execution of this Agreement, the State and CCPU shall both withdraw their pending grievances regarding the \$60,000,000 requested for restoration to the Health Care Fund requested in the CCPU report submitted on March 7, 2025.

**Training**

- Beginning July 1, 2025, and for each year of the agreement thereafter, the State shall continue to make a single contribution to the CCPU Training Fund within ninety (90) days of receiving an annual report from CCPU to restore the Fund balance to fifteen million dollars (\$15,000,000) if the remaining balance of the required annual report is less than fifteen million dollars (\$15,000,000).
- CCPU will provide the State with an annual report detailing the distribution of funds from the prior year and any remaining balance. Reports may be submitted no later than June 30th of each year of the stated duration of this agreement. The report shall include all of the following:

- Total number of enrolled providers at the beginning of the reporting cycle.
  - Total number of enrolled providers at the end of the reporting cycle.
  - Months of subsidy care and early education for each enrolled provider.
  - Total allocations to enrolled providers.
  - Total administrative expenses during the reporting cycle.
  - Any other expenditures of the fund not otherwise specified above, including any obligated but unspent funds referenced in section D below.
  - Any demographic information collected by CCPU and the Retirement Benefit Trust as requested by the State
- The restoration report may include up to \$3,750,000 for any obligated but unspent funds that may be needed during the state's 90-day restoration payment process.

### **III. Miscellaneous**

#### **CCPU Information Packets**

- Written material as supplied by CCPU shall be provided to all current and new family child care providers by each contractor, subcontractor, or any political subdivision of the state that administers state-funded early care and education programs. The state parties, including contractors, subcontractors, or any political subdivisions of the state, shall not incur any costs in providing the written materials, and this shall not create a disruption to normal business operations. This section shall not be subject to arbitration.

#### **Technology and System Improvements**

- When the State determines it has the ability to implement technology and system improvements to existing processes, including utilization of new technology, automation, or new mandatory uniform policies and practices concerning payment and payment reporting procedures for state-funded early care and education programs that directly impact providers, the State will provide written notice to CCPU and an opportunity to meet and confer over the impacts prior to implementing the improvements.

### **IV. Duration**

- The date of full ratification through July 1, 2028

### **V. Fiscal**

- Costing does not reflect existing reimbursement rates provided in section 7.1 and does not include \$88.5 million provided to continue reimbursement based on certified need. Costing is a point-in-time estimate and does not include

administrative costs for implementation. Amounts reflect fiscal year in which costs are incurred. Timing of payments may cross fiscal years.

- Fiscal Year 2025-26: \$744 million
- Fiscal Year 2026-27: \$652 million
- Fiscal Year 2027-28: \$652 million

## **VI. Agreement**

- The complete Tentative Agreement between the state and CCPU is posted at: <https://www.calhr.ca.gov/about-calhr/childcare-providers-labor-relations/>